

**Memo of Record**  
**Budget and Finance Policy Group**  
**Council on Postsecondary Education**  
**March 24, 2006**

The Budget and Finance Policy Group, a committee of the Council on Postsecondary Education, met March 24, 2006, at 8:00 a.m. at the Council offices, Frankfort, Kentucky. Mr. Dan Flanagan presided over the meeting.

Policy group members present: Mr. Walter Baker, Mr. Dan Flanagan, Mr. Ron Greenberg, Ms. Alois Moore, and Ms. Joan Taylor.

Policy group members absent: Ms. Bonita Black and Mr. Ryan Quarles.

Introductory Remarks

Welcoming remarks by Mr. Dan Flanagan. Mr. Flanagan stated that the policy group will begin to look at the budgetary process in order to start working on the next budget recommendation. He stated that the policy group needs to have a strong voice and be advocates for the institutions. He said that the policy group needs to take the time to learn about the budget and to review the Council's quarterly budget reports.

2020 Projections Related  
to the Public Agenda

Mr. John Hayek, CPE Associate Vice President for Planning and Performance, discussed the 2020 projections related to the Public Agenda. He stated that the Council is looking at what it will take to get at the national average of educational attainment. The institutions will need to significantly increase their enrollment and degree production in order to reach the 2020 goal of 800,000 bachelor degree holders. If major changes are not made, there will be about 580,000 degree holders in 2020. Mr. Ron Greenberg asked if the 2020 goal is what is stated in HB 1. Mr. Hayek responded that the language in HB 1 relates to having an educational level at the quality of the national average. Dr. Tom Layzell, CPE President, responded that the major purposes stated were a preamble to that legislation and that was that the goal be at least to the national average. He also stated that the goal cannot be reached without raising educational attainment.

Mr. Hayek reviewed the steps it will take to reach the 2020 goal. Ms. Alois Moore asked if there is a way to measure KCTCS degrees. Mr. Hayek responded that KCTCS enrollments are measured as well as degrees. Ms. Moore asked if KCTCS will need increased funding for part-time students in order to reach the KCTCS enrollment goals. Dr. Layzell responded that right now part-time students drop between the cracks in financial assistance programs.

Ms. Joan Taylor asked what is being done to decrease the dropout rate for high school students. She stated that there is a need for a master

plan. She also asked if there was any input from big businesses. Dr. Layzell responded that the Council is gearing up for a massive effort with the Kentucky Department of Education, the Economic Development Cabinet, and legislative leadership. He stated that K-12 and postsecondary education cannot be looked at separately any longer. He said that the dropout rate cannot continue. He said that these efforts will be reflected in the funding model that comes out of all the discussions.

Ms. Moore asked if having a media campaign will help. Mr. Hayek responded possibly. Ms. Taylor stated that the media should be included in the policy group meetings. She stated that every bit of information that comes out of these meetings is important and should be shared with the public. Dr. Layzell stated that the Council has shared this kind of information with editorial boards before and they do not find it as news. Dr. Layzell stated that a way needs to be found to get the media's attention.

Mr. Greenberg stated that the 2020 projections report is a good report and should be shared at the next SCOPE meeting. He requested that the information be displayed in a spreadsheet format pointing out things that show what it will take to reach the 2020 goals. Mr. Hayek responded that linking numbers to the benefits is crucial and there should be a focus on the return on investment. Mr. Greenberg stated that this is an important resource to get to SCOPE concerning budgetary matters. Dr. Layzell responded that, at this time, SCOPE has not reviewed the 2020 projections report.

Dr. Layzell stated that, to reach the goals, it comes down to money, budgets, programs, and the kind of things needed to accomplish the goals and to begin to build some funding parameters. He stated that these kind of institutional projections have not been available before.

Mr. Greenberg expressed concern about increasing migration. He said that there is a need to find ways to increase migration to Kentucky.

Dr. Mary Sias, KSU President, stated that a policy change is needed regarding out-of-state students. She stated that 68 percent of in-state students who graduate from KSU stay in Kentucky and 64 percent of out-of-state students who graduate from KSU stay in Kentucky. She stated that there is a need to make Kentucky attractive to help in recruiting people from out of state. Dr. Sias mentioned the possibility of fast-tracking students as an incentive to come and remain in Kentucky.

Mr. Flanagan discussed the need to build on the projections. Mr. Walter Baker mentioned looking at the retiree population. Ms. Moore stated her concern about teacher preparation and the need for more

focus on teacher preparedness.

#### Draft Funding Policy Development

Dr. Sandra Woodley, CPE Vice President for Finance, reviewed the draft funding policy development. Dr. Woodley stated that a draft timeline will be developed over the coming months. Mr. Greenberg requested that the institutions submit comments to the Council regarding the draft issues. Dr. Layzell stated that this is a broad framework and other issues will emerge. He stated that the draft issues are a good starting point and feedback is needed from the institutions.

Mr. Ron Carson, CPE Senior Fellow, requested that SCOPE be added to the policy framework. Mr. Greenberg agreed and stated that SCOPE members should be invited to participate in the discussions.

Mr. Flanagan asked about the timeframe for getting the groups together to discuss the issues. Dr. Layzell responded over the next six to eight months and at the end of that time have a funding model for the next biennium. He also stated that he suspected that the next funding model will look radically different than anything ever done before.

#### Review of CPE Quarterly Report of the Agency Budget

Ms. Diann Donaldson, CPE Director of Administrative Services, and Mr. Ed Sergent, CPE Associate, Administrative Services, presented the quarterly report of the agency budget.

Dr. Woodley mentioned the audit committee Peggy Bertelsman is chairing. The committee is reviewing pass-through programs and other programs administered by the Council. Periodic reports will be brought to the Budget and Finance Policy Group for its review.

Mr. Flanagan asked if expenditures, as of December 31, were in line with budgeted expectations. Ms. Donaldson responded that they are.

Ms. Moore asked what role the Council has in oversight of the pass-through programs. Dr. Woodley responded that the oversight level is varied among the programs and that is one of the things the audit committee is reviewing.

Ms. Moore requested that a listing of Council staff and salaries be provided as part of the review of the agency budget. Ms. Donaldson stated that information will be included in the next quarterly report.

#### Adjournment

The meeting adjourned at 9:50 a.m.

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Sandra K. Woodley  
Vice President, Finance

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Tammie L. Clements  
Executive Secretary, Finance